

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7449

BILL NUMBER: SB 508

NOTE PREPARED: Jan 9, 2011

BILL AMENDED:

SUBJECT: Reporting Public Pension Liabilities.

FIRST AUTHOR: Sen. Banks

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☒ FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the state or a political subdivision to report the unfunded accrued liabilities of its retirement plan as debt in a financial statement prepared after June 30, 2011.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill would require the state to report the unfunded accrued liabilities of a retirement plan as debt. The state of Indiana is prohibited from going into debt by the state constitution. The Public Employees Retirement Fund and the Teachers Retirement Fund are separate body politics, so their unfunded accrued liabilities probably would not be considered state debt. It is unknown if the reporting of the unfunded accrued liabilities of the retirement funds might affect any bond rating of the state.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be if the inclusion of unfunded accrued liabilities of the retirement funds as debt might affect the local units' bonding ratings. If the bonding rating were decreased, then the cost of bonds would increase.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.